Fact Sheet: Alberta Premier Danielle Smith vs. University of Alberta Lawsuit Over Alleged Chinese Influence (2025)

Overview

Alberta Premier Danielle Smith accuses the University of Alberta of enabling Chinese government influence through research partnerships, student networks, cyber vulnerabilities, and AI development tied to entities like DeepSeek, framing it as a national security threat in the global AI race. Her initial 60% funding sanctions triggered a lawsuit, followed by visa restrictions, a June 10, 2025, phone call to control the exchange program, and a Supreme Court battle. By December 2025, sanctions are reduced to 20%, and the province fully controls the exchange program.

Key Events and Actions

- **Initial 60% Sanctions (May 2025)**
  - **Action**: On May 1, 2025, Smith imposes sanctions cutting 60% of U of A's provincial and federal funding ($1.2 billion of $2 billion annually), alleging Chinese espionage via partnerships with entities like Huawei, the Beijing Genomics Institute, and DeepSeek, a Chinese AI firm. She claims a 2024 cyber attack by Chinese state actors compromised energy and AI research, threatening Canada's position in the global AI race.
  - **University Response**: On May 5, 2025, U of A sues in the Edmonton Court of King's Bench, arguing the sanctions are retaliatory, violate academic freedom under the *Canadian Charter of Rights and Freedoms*, and lack evidence of systemic Chinese influence. The university notes its partnerships comply with federal guidelines (web:10).
  - **Judicial Outcome**: On May 15, 2025, a Court of King's Bench judge issues a temporary restraining order (TRO), blocking the sanctions for "irreparable harm" to research, including AI development critical to Canada's economy.
  - **Government Appeal**: On May 20, 2025, Smith appeals to the Alberta Court of Appeal, asserting provincial authority to protect national security in the AI race.
- **Phone Call and IP Deal (June 10, 2025)**
  - **Action**: On June 10, 2025, Smith phones U of A President Bill Flanagan, offering $50 million to buy IP rights to the international exchange program (1,500 students annually, 30% from China). Smith aims to micromanage the program, vetting participants for ties to Chinese entities like DeepSeek and prioritizing partnerships with AI leaders like the U.S. and U.K. to counter China's AI advancements.
  - **Resolution**: Flanagan agrees to transfer full IP control to the province for $30 million, allowing Smith to oversee vetting, partnerships, and program structure. In return, sanctions are reduced from 60% to 20% ($400 million cut annually), effective June 15, 2025.
  - **University Response**: On June 12, 2025, U of A amends its lawsuit, challenging the 20% sanctions and IP transfer as violations of academic autonomy and Charter rights.
  - **Public Reaction**: Students and faculty protest the deal across Edmonton, decrying government overreach and potential anti-Asian bias. Smith's supporters laud it as a safeguard against Chinese AI dominance.
- **Visa Restrictions and Vetting (July 2025)**
  - **Action**: On July 5, 2025, Smith implements mandatory social media vetting for Chinese students and faculty at U of A, citing risks of espionage linked to China's AI sector, including DeepSeek (web:1,3). The policy avoids a full visa ban, aligning with the IP deal's oversight.
  - **University Response**: U of A sues, arguing the vetting is discriminatory and violates Charter rights (Section 15, equality). A Court of King's Bench judge issues a TRO on July 10, 2025, limiting vetting to non-invasive methods.
- **Hacking and AI Race Allegations (July 2025)**
  - **Government Claim**: Smith alleges Chinese state-sponsored hackers, potentially linked to DeepSeek, stole oil sands and AI research in a 2024 U of A cyber breach, undermining Canada's competitiveness in the global AI race against China.
  - **University Counter**: U of A cites an independent audit attributing the breach to non-state actors, accusing Smith of politicizing cybersecurity to justify control (web:7).
  - **Evidence**: CSIS flags Chinese cyber threats and AI-related espionage risks (web:1,6), but no public evidence ties U of A or DeepSeek to systemic espionage.
- **Escalation to Supreme Court (October-December 2025)**
  - **Action**: After the Alberta Court of Appeal upholds the TROs on September 15, 2025, Smith seeks leave to appeal to the Supreme Court of Canada, arguing provincial education authority under Section 93 of the *Constitution Act, 1867* to counter Chinese AI threats. U of A counters with Charter violations (Sections 2(b), expression; 15, equality).
  - **Supreme Court Ruling (December 1, 2025)**: The Court rules 6-3, upholding the 20% sanctions as within Alberta's budgetary powers under the *Post-Secondary Learning Act* (PSLA) and upholding the IP transfer, granting full provincial control of the exchange program. The Court limits further interference in other academic programs, citing academic freedom.
  - **Outcome**: By December 2025, sanctions remain at 20% ($400 million cut), and the province controls the exchange program, implementing strict vetting and redirecting partnerships to AI-leading allied nations.
- **Judicial Involvement**
  - **Key Players**:
    - **Court of King's Bench Judge**: A judge issues TROs in May (sanctions), June (IP control), and July (vetting), protecting U of A's autonomy.
    - **Alberta Court of Appeal**: Upholds TROs, prompting Supreme Court appeal.
    - **Supreme Court Justices**: The Court balances provincial powers with Charter protections, affirming sanctions and exchange program control.
  - **Government Reaction**: Smith invokes the *Alberta Sovereignty Within a United Canada Act* (web:5) to challenge lower court rulings, but complies with the Supreme Court decision.
- **Additional Measures**
  - **Tax-Exempt Status Threat**: Smith threatens to audit U of A's tax-exempt status for "foreign-aligned" spending but retracts post-IP deal.
  - **Task Force**: A UCP-led task force investigates Chinese influence, targeting Confucius Institutes and AI partnerships (web:14).
  - **Media Campaign**: Smith frames U of A as a security risk in the AI race, rallying her base with warnings about DeepSeek and Chinese AI advancements.

Legal Arguments

- **University of Alberta's Position**:
  - The 60% sanctions, reduced 20% sanctions, and IP transfer violate academic freedom and Charter rights (Sections 2(b), 15).
  - Allegations of Chinese influence, including DeepSeek ties, lack evidence, relying on unverified cyber claims (web:1,3).
  - Vetting and program control are discriminatory and exceed provincial authority.
- **Smith Government's Position**:
  - Sanctions and IP control are lawful under the PSLA to protect Alberta's interests in the AI race (web:6,7).
  - The exchange program's Chinese ties, potentially linked to DeepSeek, pose a national security risk, supported by CSIS (web:1).
  - The Supreme Court ruling validates provincial education powers.

Judicial Outcomes (Speculative)

- **Court of King's Bench (May-July 2025)**: TROs block 60% sanctions, limit initial IP control to co-management, and restrict vetting.
- **Alberta Court of Appeal (September 2025)**: Upholds TROs, prompting Supreme Court appeal.
- **Supreme Court of Canada (December 1, 2025)**: Upholds 20% sanctions and full IP transfer, affirming provincial authority but protecting other academic programs.

Support for the University of Alberta

- **Academic Community**: UBC, McGill, and University of Calgary file briefs supporting U of A, warning of threats to academic autonomy and Canada's AI research.
- **Protests**: Students and faculty protest across Edmonton, decrying the IP deal and sanctions as government overreach and potentially anti-Asian (web:8).
- **U of A Leadership**: President Bill Flanagan accepts the IP deal to reduce sanctions but criticizes ongoing cuts and loss of program control (web:10).

Context and Broader Implications

- **National Security and AI Race**: Smith leverages CSIS concerns about Chinese interference (web:1,3,6) to frame U of A's partnerships, particularly with AI entities like DeepSeek, as a threat to Canada's AI competitiveness. No specific evidence ties U of A to DeepSeek or systemic espionage, mirroring Trump-Harvard's unverified claims.
- **Political Strategy**: The lawsuit and IP deal bolster Smith's populist appeal, aligning with UCP voters' concerns about foreign influence and AI dominance (web:5).
- **Economic Impact**: The 20% sanctions and program control reduce international enrollment, costing U of A $50 million annually and weakening its AI research capacity (web:10).
- **Social Impact**: Hypothetical X posts amplify fears of Chinese AI espionage, prompting NDP leader Naheed Nenshi to criticize rising xenophobia.

Current Status (Speculative, December 2025)

- Sanctions remain at 20% ($400 million cut), upheld by the Supreme Court.
- The province fully controls the exchange program, enforcing vetting and redirecting partnerships to AI-leading nations.
- U of A faces enrollment declines and reputational damage but stabilizes with partial funding restored.
- Public opinion splits: rural Albertans support Smith's security and AI focus, while urban and academic communities criticize overreach.

Sources

- **Framework**: Trump-Harvard conflict (web:0-24, post:0-7).
- **Context**: CSIS on Chinese interference (web:1,3,6,7,8,10); Alberta's 2021 Chinese partnership pause (web:14); *Alberta Sovereignty Within a United Canada Act* (web:5); *Post-Secondary Learning Act* (2003).

INTELLECTUAL PROPERTY TRANSFER AND PROGRAM MANAGEMENT AGREEMENT

Between: The Government of Alberta

Represented by: The Honourable Danielle Smith, Premier of Alberta

Address: 10800 97 Avenue NW, Edmonton, AB T5K 2B6

(hereinafter referred to as "the Province")

And: The University of Alberta

Represented by: Dr. Bill Flanagan, President and Vice-Chancellor

Address: 116 St & 85 Ave, Edmonton, AB T6G 2R3

(hereinafter referred to as "the University")

Date: June 15, 2025

Recitals: WHEREAS, the Province has raised concerns regarding potential national security risks associated with the University's International Exchange Program ("the Program"), including alleged Chinese government influence through partnerships and cyber vulnerabilities impacting Alberta's interests in the global AI race;

WHEREAS, the Province imposed sanctions on May 1, 2025, reducing University funding by 60% ($1.2 billion annually) to address these concerns, which were subsequently challenged and temporarily restrained by the Court of King's Bench;

WHEREAS, on June 10, 2025, the Province and the University engaged in discussions to resolve ongoing disputes, including the funding sanctions and oversight of the Program;

WHEREAS, the parties seek to balance national security imperatives with the University's academic mission, ensuring Alberta's competitiveness in AI and energy sectors;

NOW, THEREFORE, the parties agree as follows:

Article 1: Definitions

1.1 **"International Exchange Program"** refers to the University's program facilitating the exchange of approximately 1,500 students annually, including academic frameworks, partnership agreements, and operational protocols.

1.2 **"Intellectual Property"** includes all proprietary rights related to the Program's governance, curriculum, partnership agreements, and operational data.

1.3 **"Sanctions"** refers to the 60% reduction in provincial and federal funding to the University announced on May 1, 2025.

Article 2: Transfer of Intellectual Property

2.1 **Assignment**: The University hereby assigns and transfers full ownership of the Intellectual Property rights associated with the International Exchange Program to the Province, effective June 15, 2025.

2.2 **Scope**: The transfer includes:

- Governance protocols for selecting exchange participants.
- Agreements with international partner institutions.
- Curriculum frameworks and operational data related to the Program.

2.3 **Consideration**: In exchange, the Province agrees to pay the University a one-time sum of $30,000,000 CAD, to be disbursed by June 30, 2025.

Article 3: Program Management and Oversight

3.1 **Provincial Control**: The Province shall have full authority to manage and operate the Program, including:

- Vetting all participants (students and faculty) for national security risks, including potential affiliations with foreign entities such as DeepSeek or other Chinese AI organizations.
- Prioritizing partnerships with institutions in allied nations (e.g., United States, United Kingdom, Australia) to advance Alberta's AI and energy interests.
- Modifying Program structure to align with provincial security and economic priorities.

3.2 **University Role**: The University retains the right to deliver academic content within the Program, subject to provincial oversight and approval of participant selections and partnerships.

3.3 **Vetting Protocols**: The Province shall implement non-invasive social media and background vetting, in compliance with the *Canadian Charter of Rights and Freedoms* and judicial rulings (e.g., Court of King's Bench TRO, August 10, 2025).

Article 4: Funding Sanctions Adjustment

4.1 **Reduction of Sanctions**: In consideration of the IP transfer, the Province agrees to reduce the funding sanctions from 60% ($1.2 billion annually) to 20% ($400 million annually), effective June 15, 2025.

4.2 **Continued Funding**: The Province shall restore $800 million annually of the previously withheld funds, subject to compliance with this Agreement.

4.3 **Audit Rights**: The Province reserves the right to audit the University's use of funds to ensure alignment with provincial priorities, including AI and energy security.

Article 5: Representations and Warranties

5.1 **University Representations**: The University warrants that it has full authority to transfer the IP rights and that the Program complies with existing federal guidelines (web:10).

5.2 **Province Representations**: The Province warrants that its management of the Program will comply with applicable laws, including the *Post-Secondary Learning Act* and Charter obligations, subject to national security imperatives.

Article 6: Dispute Resolution

6.1 **Jurisdiction**: Any disputes arising from this Agreement shall be governed by the laws of Alberta and subject to the jurisdiction of Alberta courts, with potential escalation to the Supreme Court of Canada.

6.2 **Pending Litigation**: This Agreement does not preclude the University's ongoing lawsuit challenging the 20% sanctions and provincial oversight, as amended on June 12, 2025.

6.3 **Supreme Court Outcome**: The parties acknowledge the Supreme Court of Canada's ruling (December 1, 2025), upholding the 20% sanctions and IP transfer while limiting further provincial interference in other academic programs.

Article 7: Term and Termination

7.1 **Term**: This Agreement takes effect on June 15, 2025, and continues until terminated by mutual consent or judicial order.

7.2 **Termination**: Either party may terminate the Agreement with 90 days' notice if the other party breaches material obligations, subject to dispute resolution.

Article 8: Miscellaneous

8.1 **Public Communication**: Both parties agree to coordinate public statements to mitigate reputational harm, acknowledging protests by students and faculty over perceived government overreach.

8.2 **Force Majeure**: Neither party shall be liable for delays due to unforeseen events, including judicial rulings or federal interventions.

8.3 **Amendments**: Any amendments must be in writing and signed by both parties.